ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE
DATE: JUNE 6, 2019
LOCATION: ROOM 2000 - CITY HALL

DRAFT AGENDA

1.	Introductions and Chair remarks (Chair)	7:00 p.m.
2.	Greenhill South Affordable Housing Plan (Mary Catherine Gibbs) *Action Requested: Review and Vote on Affordable Housing Plan*	7:05 p.m.
3.	Friends of Guest House HOF Loan Request (Kari Galloway) *Action Requested: Review and Vote on Loan Request*	7:20 p.m.
4.	Housing Contribution Workgroup Discussion (All)	7:35 p.m.
5.	Bellefonte Gardens HOF Loan Request (Jon Frederick) *Action Requested: Review and Vote on Loan Request*	7:55 p.m.
6.	Ellsworth HOF Loan Request (Jon Frederick) *Action Requested: Review and Vote on Loan Request*	8:10 p.m.
7.	Chair Elections (All) *Action Requested: Vote to Elect FY20 Chair*	8:25 p.m.
8.	Consideration of May 2, 2019 meeting minutes (Chair) *Action Requested: Review and Approve Minutes*	8:30 p.m.
9.	Alexandria Redevelopment and Housing Authority Update (Carter Flemming)	8:35 p.m.
10.	Information Items: Financial Report	8:40 p.m.
11.	Staff Updates	8:45 p.m.
12.	Announcements and Upcoming Housing Meetings (Staff) *Eisenhower East Open House* June 27, 2019, Location tbd *City of Alexandria Housing Summit* January 11, 2020; Lee Center	8:55 p.m.
	Adjournment (Chair)	9:00 p.m.

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 3, 2019

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

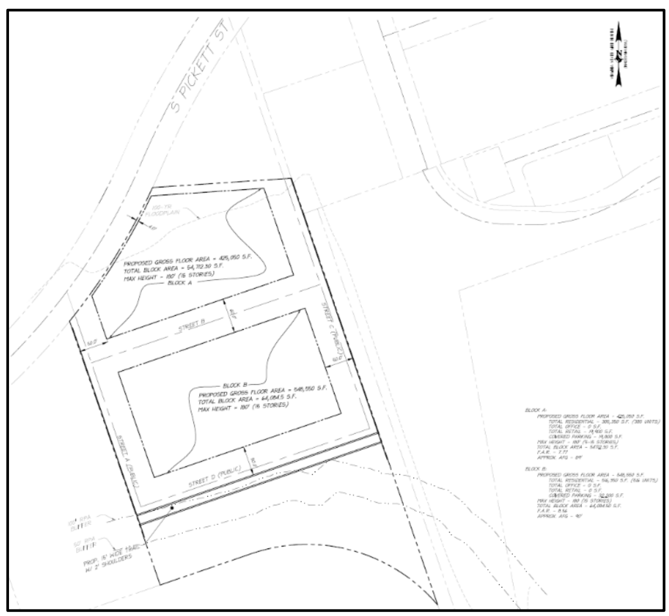
FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: GREENHILL SOUTH AFFORDABLE HOUSING PLAN

ISSUE: Consideration of an Affordable Housing Plan for Greenhill South (CDD 2019-00002).

ACTION REQUESTED: That the Committee review and endorse the associated Affordable Housing Plan.

BACKGROUND: Greenhill South is an approximately 5.44-acre site in the Eisenhower West Small Area Plan (EWSAP) area. It is located at 600 S. Pickett Street and is bordered to the north by S. Pickett Street, to the south by Backlick Run, to the east by Armistead Boothe Park, and to the west by industrial spaces (see site plan). The applicant proposes to demolish the existing commercial uses and construct approximately14,000 square feet of retail and 931,540 square feet of residential, as well as 52,000 square feet of above grade parking, in two blocks of development. The site is adjacent to an approximately 68,000 square foot restored Backlick Run greenway and will feature a multi-use trail that will ultimately connect with the Armistead Booth Park to the east.



The applicant is applying for a rezoning (#2019-0005) and a Coordinated Development District (CDD) Concept Plan (#2019-00002) to develop the site with a mix of land uses as envisioned in the 2015 EWSAP. The proposed rezoning increases the site’s floor area ratio (FAR) from 0.85 to approximately 3.34. It is noted that the EWSAP does not include a development table that establishes maximum FARs for development parcels and does permit bonus densities in excess of 20% to encourage the production of affordable units.

DISCUSSION: The applicant has agreed to provide a voluntary monetary contribution to the Housing Trust Fund consistent with the procedures in effect at the time Development Special User Permits (DSUPs) are submitted to the City for review. Using 2019 contribution rates, the voluntary monetary contribution is estimated to exceed $4.6 million at full buildout. The applicant may explore opportunities to provide some, or all, of the monetary contribution in the form of on-site affordable units of equivalent value. This would be determined as each DSUP moves forward with its respective Affordable Housing Plan, in coordination with Office of Housing.

In addition, the applicant has agreed to provide five committed affordable units. Rental units provided will be affordable to households with incomes at 60% of the area median income (equivalent to $51,000-$72,780 for a household of one to four in 2019) as well as to eligible households with Housing Choice (Section 8) vouchers. Homeownership units provided through Section 7-700 will be affordable to households with incomes at 80% of the area median income (equivalent to $68,000-$97,040 for a household of one to four in 2019). All affordable units will remain affordable for a 40-year period and will be subject to the City's standard set-aside conditions in effect at that time.

Upon agreement between the Director of Housing and the applicant, some or all of the five affordable units may be located off-site within the neighboring CDD #27 Plan area which is deemed to be equivalent to the subject site with respect to its access to amenities and transit. Details associated with such a scenario would be provided through a separate Affordable Housing Plan to be submitted for consideration by AHAAC.

FISCAL IMPACT: Estimated to exceed $4.6 M to the Housing Trust Fund at full buildout.

ATTACHMENTS:
(1) Affordable Housing Plan for Greenhill South, CDD 2019-00002, dated May 30, 2019

STAFF:
Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

Affordable Housing Plan for Greenhill South Development

May 30, 2019

The Applicant, Greenhill Capital Corporation ("Greenhill"), is the owner of approximately 5.44 acres in the Eisenhower West Small Area Plan ("EWSAP" or "the Plan") area located 600 S. Pickett St. in the West End of Alexandria and is bordered to the north by S. Pickett Street, to the south by Backlick Run, to the east by Armistead Boothe Park and to the west by industrial spaces. Greenhill is applying for a Rezoning (#2019-0005) and a Coordinated Development District (CDD) Concept Plan (#2019-0002) to plan these 5.44 acres of existing commercial warehouses within a coordinated development district (CDD #28) as provided for in the EWSAP (the "Project"). The current I zoning for the properties authorizes .85 FAR and the EWSAP provides for mixed use development (predominantly residential and some retail along S. Pickett Street, in buildings between 5-15 stories, described as part of the Backlick Run neighborhood in the plan. The proposed project includes 1) 14,000 square feet of retail and 2) 931,540 square feet of residential, as well as 52,000 square feet of above grade parking for a total square footage of 973,600 square feet of development in two blocks of development, adjacent to an approximately 68,000 square foot restored Backlick Run greenway, with a multi-use trail that will ultimately connect with the Armistead Booth Park to the east.

The Applicant is proposing to meet the affordable housing goals of the EWSAP by providing a significant contribution to the Affordable Housing Trust Fund and by offering to provide 5 additional on site affordable units to this redeveloping area of the City of Alexandria. Below is how the proposed contribution amount was calculated.

Calculation of the Affordable Housing Contribution

Greenhill has calculated the base zoning as follows: 270,176 sq. ft. (5.44 acres) x .85 = 229,650 square feet of development. The current proposal requests a CDD Concept Plan for a mixed-use development with a total of 973,600 sq. ft., calculated as the square footage of buildings over the developable area of the property, taking out the area within the 100 foot RPA from Backlick Run and the roads for access to the property, with heights of an average of 10 stories.

Site Area (sq ft.)	Permitted Density (FAR)	Total Square Footage Permitted By-Right	Total Square Footage Requested– excl. structured parking of 52,000sf:	Additional Density Requested with Rezoning to CDD as permitted under the EWSAP
270,176	.85	229,650	921,600	691,950 sf (19,900 retail and 652,150 resid.)

The Applicant will provide a voluntary affordable housing contribution in connection with the Project, according to the formula developed by the Housing Contribution Policy Work Group. The rates for 2019 are as follows:

1) Non-Residential – $2.24
2) Tier 1 Residential – $2.99
3) Tier 2 Residential – $5.98

Calculation	Square Footage Requested	Calculation of Contribution (PSF)	Estimated Contribution
Non-Residential	19,900	2.24	$44,576
Tier One	229,650	2.99	$686,653.50
Tier Two: Rezoning to CDD	652,150	5.98	$3,899,857
Total:	**973,600**		**$4,631,086.50**

Housing Trust Fund

Based on the above calculations, Greenhill estimates the affordable housing contribution to be approximately $4,631,086. That amount can either be in the form of a cash contribution or a provision of on-site affordable units or a mixture thereof, to be determined as the Development Special Use Permits ("DSUPs") move forward after approval of the requested CDD Concept Plan. We would propose that actual contributions to the affordable housing trust fund be calculated at the time of the DSUP submission and that the first 229,650 square feet of development within the CDD be subject to the current Tier One contribution rate. Development exceeding the first 229,650 square feet (exclusive of the floor area referenced above for retail) will be subject to the current Tier Two contribution rate.

Provision of 5 On-Site Units (in addition to the contribution listed above):

The Applicant is willing to provide 5 on site units in addition to the contribution as calculated above, however, the Applicant is asking for the flexibility to locate these units within the current proposed CDD #28 or, if an affordable housing developer would like to provide these units in a building in the recently approved CDD#27, within that area, as it is directly across S. Pickett Street from this development.

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 3, 2019

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE (AHAAC)

FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: CONSIDERATION OF A LOAN TO FRIENDS OF GUEST HOUSING TO PARTIALLY FUND RENOVATION OF 120 S. PAYNE STREET FOR EXPANDED RESIDENTIAL PROGRAM

ISSUE: A loan of $145,000 to Friends of Guest House to complete the funding package to renovate 120 S. Payne Street for an expanded residential program (Attachment 1).

RECOMMENDATION: That the Alexandria Housing Affordability Advisory Committee (AHAAC) recommend that City Council approve a loan of $145,000 from the Housing Trust Fund to help Friends of Guest House complete its renovation of 120 S. Payne Street for an expanded residential program and authorize the City Manager to execute related documents.

BACKGROUND: Friends of Guest House is an established Alexandria nonprofit that provides formerly incarcerated women housing and other support through a six-month program as they begin reintegrating into the community. Last year, Friends of Guest House was able to secure a long term lease on a property in Old Town that would allow it to expand the number of persons it serves at any time by 20% (from 26 to 31) as well as gain case management efficiencies since this location will allow Guest House to consolidate its some current scattered site apartments it uses. Demand for the program is high: more than 400 women apply to participate each year.

A Special Use Permit (SUP) was approved to allow Friends of Guest House to operate the residential program at 120 S. Payne, and the nonprofit has executed a 10 year lease, with additional renewals possible. With assistance from HomeAid (the NVBIA-sponsored pro bono construction program), Friends of Guest House has planned renovations necessary for its program. The total cost of the renovation work is estimated at approximately $342,000. So far, in addition to the pro bono construction management and labor, and donated materials being provided by HomeAid, Friends of Guest House has secured all but $145,000 from fundraising and other donations. It has requested a City loan to complete the necessary funding package so work can begin (Attachment 2).

DISCUSSION: The City has supported the Friends of Guest House Program since its inception in 1974 and provided funding several decades ago that enabled the nonprofit to acquire its headquarters building in Del Ray, where a portion of the residential program is currently operated. The housing and services program provides a critically needed resource for formerly incarcerated women in Northern Virginia and is the largest program of its type in the state. It fills an important niche in the City's continuum of housing options for a hard to serve population since many participants are looking for jobs or just beginning to work again. With a long term lease in place, City financial support is needed as soon as possible to maximize the opportunity to make the new facility operational for an expanded residential program.

The common area scope of work includes a kitchen modernization, a lounge area and a computer lab. Two of the bedrooms will be fully accessible (Friends of Guest House currently does not have any accessible accommodations), and one of the seven private bathrooms will also be accessible bathroom.

FISCAL IMPACT: $145,000 from the City's Housing Trust Fund. Because of the nonprofit's mission, it is proposed that the City's loan be zero-interest, with the principal to be repaid from residual receipts, with any remaining balance due by the end of the last lease term.

ATTACHMENTS:

(1) Friends of Guest Housing Request for Housing Opportunity Funds for 201 S. Payne
(2) Project Narrative and Budget

STAFF:

Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

Friends of
GUEST HOUSE

We envision a world where your past does not define your future

City of Alexandria
Office of Housing
421 King St, Ste 200
Alexandria, VA 22314

May 22, 2019

Dear Housing Trust Fund Committee,

Friends of Guest House is hard at work renovating its newest location, 120 S Payne Street, Alexandria, VA 22314. Earlier this year we signed a long-term lease on the property and last year went through the City of Alexandria's SUP process which passed both the Planning & Zoning commission as well as City Council hearing unanimously.

The Housing Trust Fund has a long history of helping support our mission. In 1981, you helped us purchase our flagship headquarters at 1 East Luray Ave in Alexandria. Again in 2003, you loaned us money to support the much needed renovation of that same property. That loan allowed us to renovate and re-open the home continuing to serve the community. We quite simply would not be where we are today without the past backing of this committee.

Guest House respectfully requests $145,000 toward the cost of renovating the new Payne St. home which will allow us to grow our Residential program by 20% in 2019.

Since our founding in 1974 in Del Ray, Friends of Guest House has helped more than 4,000 women break the vicious cycle of incarceration, reunite with their families, and reintegrate into our community.

With your support, we look forward to welcoming our residents into their new home this summer. If you have any questions or concerns, please reach out to me directly. My email address is director@friendsofguesthouse.org.

Sincerely,

Kari Galloway

Kari Galloway
Executive Director

Friends of Guest House
One East Luray Avenue
Alexandria, VA 22301-2025
P 703-549-8072 (TTY: 711)
F 703-549-8073
info@friendsofguesthouse.org
www.friendsofguesthouse.org

Project Narrative

The mission of Friends of Guest House is to "provide formerly incarcerated women the structure, supervision, support, and assistance they need to move beyond who they were to become who they want to be."

The six-month Residential program offers a stable, supportive environment to reentering women as they begin to reintegrate into the community. This is the ONLY 24/7 residential program for reentering women in Northern Virginia and the largest such program in the state. Up to 26 women at a time live in our homes; later in 2019, we have the opportunity to increase that number to 31.

Friends of Guest House requests $145,000 to renovate a new facility in order to grow its Residential Program by 20% in 2019.

Friends of Guest House receives nearly 400 applications for its Residential Program every year. Currently, we can serve 26 reentering women at-a-time for six months, 55-60 total per year. This year, we have the opportunity to expand to serve 31 women at-a-time, for a total of 60-70 reentering women per year.

Friends of Guest House recently signed a long-term lease on a large building in Old Town Alexandria to support the growth of the Residential Program. The property will replace four apartments (16 beds of our Residential Program) and allow us to add 5 beds to the program—thus, with the 10 beds already at the Friends of Guest House headquarters, bringing the grand total of Residential program beds to 31. The process to get the facility up and running, from permits, to needed renovations and repairs, to furnishing, etc., is extensive.

The renovations and repairs will provide:

-Two ADA bedrooms. Currently, Friends of Guest House does not have any ADA accessible accommodations.

-One ADA bathroom

-A computer lab for clients to communicate with their family, research and apply for jobs, etc.

-Six private bathrooms, a refreshing change of pace for women who've been using communal bathrooms

-A kitchen to prepare healthy, dietician approved meals for 21 reentering women

-Lounge areas for reading, relaxing, and practicing healthy coping skills

Estimated Project Timeline

Renovation work to commence: April 24^{th}

Framing work complete: May 29^{th}

Systems (plumbing, electric, HVAC, fire/safety, etc): May 29^{th} -June 29^{th}

Rebuild/finish work: June 29^{th} -July 19^{th}

Move in: July 20^{th}

Estimated Budget

Total Cost	$ 341,995.00
Donations	$ (112,132.00)
NET COST	$ 229,863.00
Craftmark	$ 25,000.00
Landlord	$ 60,000.00
Requested Fund	$ 144,863.00
FUNDING	$ 229,863.00

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 3, 2019

TO: THE ALEXANDRIA HOUSING AFFORABILITY ADVISORY COMMITTEE (AHAAC)

FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: CONSIDERATION OF A LOAN TO SHELTERED HOMES OF ALEXANDRIA TO REFINANCE, RENOVATE AND PRESERVE BELLEFONTE APARTMENTS

ISSUE: A loan of $450,000 to Sheltered Homes of Alexandria to complete the funding package to renovate Bellefonte Apartments in Del Ray (Attachment 1).

RECOMMENDATION: That the Alexandria Housing Affordability Advisory Committee (AHAAC) recommend that City Council approve a loan of $450,000 from the Housing Opportunities Fund, including federal CDBG monies, to Sheltered Homes of Alexandria (SHA) for renovation of Bellefonte Apartments as part of its long term preservation as affordable housing, and authorize the City Manager to execute related documents.

BACKGROUND: The Bellefonte Apartments, located at 417 E. Bellefonte Avenue in Del Ray, is a 12-unit apartment complex owned by Sheltered Homes of Alexandria (SHA), a local nonprofit entity that owns housing for adults with intellectual and development disabilities. The property was built in 1979, with financing from VHDA, and rent for the 12 households is subsidized with a federal Housing Assistance Payment (HAP) contract. The HAP contract supplements the difference between what the property's low income residents can affordable to pay and fair market rents.

The 12 one-bedroom apartments that comprise Bellefonte Apartments are located in two garden-style buildings. In addition to a bedroom and bath, each unit has a kitchen, living room and washer/dryer. Besides the multifamily buildings, the site includes a single family home that is operated as a group home for other adults with disabilities, and both buildings share green space and a 14-space parking lot accessed from E. Duncan. The City provides staffing, operational and capital support to Bellefonte and its residents through the Department of Community and Human Services and the Department of General Services.

DISCUSSION: The proposed refinancing and renovation project comes forward through a partnership between two Alexandria nonprofits, as Alexandria Housing Development Corporation (AHDC) is providing development consulting services to SHA to coordinate the renewal of the HAP contract with HUD, plan and manage the property renovation, including temporary relocation of the residents while the rehabilitation work occurs, secure financing for the renovation including a new long term rental subsidy contract with HUD that will reflect the renovation improvements and change the rental structure to reflect subsidies that have been "marked up to market" providing a property cash flow that will meet future operating and capital needs and relieve some of the financial costs currently provided through the City's general fund and CIP budgets.

The renovation planned is substantial: all major building systems (roofs, windows, HVAC, electrical panels, kitchens, baths, floors) will be replaced and/or updated. The building entries will be closed to facilitate a secure access system. Most importantly, the renovation will make six of the units fully accessible to help residents age in place.

While no City financial support was initially anticipated, an off-site stormwater improvement with an estimated cost of $300,000 is required to connect the building to the City's stormwater system. This will address a drainage issue that detracts from the residents' use of their outdoor green space when rainfall ponds onsite, and it will benefit other properties along Bellefonte Avenue now and/or if they redevelop in the future. The scope of work also includes closing a curb cut to the parking lot and replacing an accessible ramp to the group home building staff by the City of Alexandria.

VHDA is providing a first trust loan, SHA will put in the accumulated reserves account (released by VHDA when the 1979 mortgage was recently paid off), and the City loan, if approved, will complete the funding package so the project can go forward this summer. The twelve residents and their caseworkers will be relocated to units at Southern Towers, in cooperation with that property owner (units outside of the City's 105 committed affordable units) for approximately four to six months.

The project, which will preserve 12 deeply affordable units that house City residents with disabilities, through partnerships with and among nonprofits, reflects multiple Housing Master Plan principles and exemplifies City core values regarding Alexandria's commitment to inclusion and diversity.

FISCAL IMPACT: $450,000 from the City's Housing Opportunity Fund, including federal CDBG monies that can be used for projects that serve very low incomes persons, including those involving rehabilitation and infrastructure needs. Like other affordable housing investments, the City's loan will be structured to be repaid out of the property's residual receipts and will accrue interest at 2% per year. When completed, Bellefonte will generate revenues that eliminate the City's current operational and capital support for the property. The value of the new 20-year HAP contract will provide rental assistance with a total value of more than $4 million if the City had to provide the subsidies.

ATTACHMENTS:

(1) Request for Housing Opportunity Funds for Bellefonte Apartments (submitted by AHDC on behalf of SHA)
(2) Project Description and Proforma

<u>STAFF</u>:
Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

May 22, 2019

Ms. Helen McIlvaine, Director
Director, Office of Housing
City of Alexandria
421 King Street Suite 200
Alexandria, VA 22314
By Email at: Helen.McIlvaine@alexandriava.gov

Re: Housing Opportunities Loan Application for the Renovation of Bellefonte Apartments

On behalf of the Sheltered Homes of Alexandria (SHA) Board of Directors, I am pleased to submit an application for a City of Alexandria Housing Opportunities Fund (HOF) loan in the amount of $450,000. This loan request would aid in the renovation of Bellefonte Apartments which serves as an important resource to the City's intellectual and developmental disabled (ID/DD) population.

The attached project description along with the profroma and plans overview will provide you with many of the details of this renovation. The project has a number of very positive attributes in that it extends the useful life of a very valuable resource and does so in a way that will allow the project become self-sustaining. In addition, the renovation will create six new accessible units to allow the population to age in place over time.

While the renovation has many positive outcomes, the process itself also represents a best practice in the City. This project has required that two of the City's non-profits (AHDC and SHA) worked together with the City's Department of Community and Human Resources (DCHS) and the Office of Housing, The Department of Housing and Urban Development (HUD) and the Virginia Housing Development Authority. We believe the outcome will be improved housing for some of our most vulnerable populations and partnerships that can be replicated as we look for opportunities to expand housing for all.

Attached to this letter is an overview of the property, a ten year proforma, and additional details needed for the HOF application. We appreciate our continuing partnership with the City of Alexandria and we look forward to hearing from you regarding our newest proposed acquisition. If you have any questions regarding this application, please do not hesitate to contact me at 703-739-7775 or at jfrederick@housingalexandria.org.

Sincerely,

Jonathan Frederick

Jonathan Frederick

Executive Director

CC: Eric Keeler, Deputy Director, Office of Housing

Bellefonte Apartments Renovation

Project Overview:

The Bellefonte Apartments Renovation project is a partnership between two Alexandria non-profits, the Alexandria Housing Development Corporation (AHDC) and Sheltered Homes of Alexandria (SHA), to renovate a 12 unit apartment complex owned by SHA. In May 2018 AHDC and SHA signed a development services agreement for AHDC to act as the development consultant to SHA to oversee the renewal of a federal housing assistant payment (HAP) contract and the renovation of the property. Over the past year AHDC has worked with SHA to extend the HAP contract that was due to expire at the end of 2018 and create a design and plant to renovate the units.

Property Overview

SHA is an Alexandria non-profit that owns real estate and works with the City of Alexandria to lease the units to intellectual and developmentally disable individuals. The Bellefonte Apartments, located between East Bellefonte and East Duncan Ave in Del Ray, was built in in 1978 with a federal HAP contract and VHDA financing. The apartment complex was built on an open lot that was part of a single family house that is also owned by SHA. The property consists of two buildings total 12 one-bedroom units that all serve an ID/DD population.

The planned renovation will update all major systems in the project including the roof, windows, HVAC, electrical panels, kitchens, baths, and floors. The renovation will also include improvements to the entry of the units that are currently open access. These entries will be closed off, fitted with entry doors and a secure access system. Finally, the renovation will make all units located on the first floor 100% accessible to facility the ability of residents to age in place.

In addition to work on the buildings them the current scope of work includes a significant amount of site work to address a significant ponding issue that occurs after heavy rains. Additional site work will close a curb cut to the parking lot and replace an accessible ramp to the house onsite which is staffed by the City of Alexandria.

One of the unforeseen costs of this project is an off-site stormwater improvement that was required along E Bellefonte to connect to the City's stormwater system. As mentioned this site experiences a significant amount of ponding and the civil engineer devised a drainage system that would allow this water to tap into the stormwater drain. Unfortunately, there is no stormwater infrastructure at the street of this project therefore an offsite improvement is needed to connect to the City's nearest system. This improvement is estimated to cost approximately $300,000 and is the reason for the majority of the City loan on the project.

AHDC has worked with City staff in T&ES to get a minor site plan approved and are now ready to submit our building permits. Building permits will be submitted in the coming weeks and we will plant be ready to start when the HAP contract is approved in July.

Proposed Target Population

The proposed project plans to serve the same residents that currently live on site most of which are at 30% of the AMI. The property will serve the ID/DD population and will be served by a HAP contract. In April a Relocation Plan was approved by the Landlord Tenant Relations Board. All moving, offsite rent costs, and any other costs will be covered by the renovation project. Currently we are working with Southern Towers to provide a temporary offsite housing for all residents as the renovation occurs. In addition, SHA plan to rent an extra unit at Southern Towers that will allow City staff to continue providing the same level of support to residents that the currently receive.

Ownership Structure

SHA will remain the owner of this property. AHDC will have a right of first refusal in case SHA ever desires to sell

Financing Plan

AHDC is working with HUD to place a new HAP contract on this property under the mark up to market program. This program will allow SHA to get near market rents ($1,810/month) for each unit and use those rents to support a new loan on the property. AHDC is working with VHDA to put a new REACH loan of $2.4MM on the property with the below market rate of 1.95 amortizing over 30 years. SHA will use approximately $225,000 of their funds that remained in the replacement reserve account with VHDA when the final loan payment was made and City of Alexandria Loan will fill the remaining financing gap of $450,000. AHDC will work with a local community bank to acquire construction financing for the renovation.

Proposed Project Schedule (estimated to date):

- HAP Contract Execution and closing – July 2019
- Relocation – July/August 2019
- Site mobilization – August 2019
- Construction – September – December 2019
- Permanent loan conversion/tenant returns to site – December 2019 - January 2020

Bellefonte_05.10.19.xlsx
Summary
5/22/2019

Sources			Uses	
Equity			**Development Costs**	
Tax Credit Equity		-	Acquisition	30,000
SHA Equity Equity		215,000	Development Soft Costs	348,873
			Financing Costs	231,414
Debt			Construction Costs	1,921,975
VHDA 1.95%		2,400,000	Developer Fee	200,000
VHDA 2.95%		-	Relocation Costs	144,340
VHDA Taxable Bonds	5.60%	-	Infrastructure Improvement	300,000
Gap Financing				
CoA Funds		442,802		
Deferred Developer Fee	0.0%	-		
Interim Income		118,800		
Total Sources		**$ 3,176,602**	**Total Uses**	**$ 3,176,602**
			Surplus/(Deficit)	-
Permanent Debt		$ 2,400,000		
Annual Debt Service		$ 105,732	Total Cost / Unit	264,717
Terms (Years)		30	Hard Cost / Unit	160,165
Interest Rate		1.95%	Soft Cost / Unit	104,552

Project Schedule	
Development Start	06/01/19
Community Opening	12/01/19
Construction Period (Months)	6
Lease-up Period (Months)	3
Perm Loan Conversion	02/29/20

Income & Operating Expenses		
		Yr 1 Stabilized
Revenue		
Potential Gross Income		$260,640
Less: Vacancy Allowance	10%	(26,064)
Effective Gross Income		**234,576**
Other Income		-
Total Income		**234,576**
Operating Expenses		
Adminstration		31,059
Maintenance Expenses		8,954
Supplies & Services		6,682
Utilities		10,214
Taxes & Insurance		5,337
Payroll Expenses		23,388
Total Operating Expenses		**85,633**
Replacement Reserves		3,600
Net Operating Income		**145,343**
Year 1 Cash Flow		**39,611**
DSCR		**1.37**
OpEx per unit (excl RR)		**$ 7,136**

Unit Type / Affordability Mix

	%	**No. Units**		**%**	**No. Units**
Efficiency	0%	0	30% AMI	0%	0
One Bed	100%	12	40% AMI	0%	0
Two Bed	0%	0	50% AMI	0%	0
Three Bed	0%	0	60% AMI	100%	12
Four Bed	0%	0	80% AMI	0%	0
			100% AMI	0%	0
Total Units	**100%**	**12**	**Total**	**100%**	**12**

Bellefonte_05.10.19.xlsx
Assumptions
5/22/2019

Financing Assumptions

Investment Period	40		
LIHTC Assumptions		**Development Fee**	
9% Discount Rate	9.00%	Total Developer Fee	$ 200,000
4% Discount Rate	3.24%	Deferred Fee	$ -
Equity Sale Price	$0.95	% Deferred Fee	0.0%
Basis Boost	0%	Deferred Fee Interest Rate	2.00%
Debt Assumptions			
Tranche 1: VHDA 1.95%		**Tranche 3: VHDA Taxable Bonds**	
Principal	2,400,000	Principal	-
Loan-to-Value		Term (Years)	30
Terms (Years)	30	Interest Rate	5.60%
Interest Rate	1.95%	Structure (1-CPM, 2-I/O, 3-RR)	1
Debt Coverage Ratio	1.37	Origination Fee	0.0%
Structure (1-CPM, 2-I/O, 3-Custom)	1	Residual Receipts Repayment Terms	0%
Tranche 2: VHDA 2.95%		**Tranche 4: Gap Financing**	
Principal	-	Principal	-
Term (Years)	30	Term (Years)	40
Interest Rate	2.95%	Interest Rate	2.00%
Structure (1-CPM, 2-I/O, 3-RR)	1	Structure (1-CPM, 2-I/O, 3-RR)	3
Origination Fee	0.0%	Origination Fee	0.0%
Residual Receipts Repayment Terms	0%	Residual Receipts Repayment Terms	50%
Construction Loan		**Tranche 5: VA HTF**	
Principal	2,381,306	Principal	$0
Loan-to-Value	75%	Term (Years)	20
Terms (Years)		Interest Rate	3.00%
Interest Rate	5.50%	Structure (1-CPM, 2-I/O, 3-RR)	2
Debt Coverage Ratio		Origination Fee	0.00%
Structure (1-CPM, 2-I/O, 3-Custom)	2	Residual Receipts Repayment Terms	

Operating Assumptions

Vacancy Rate	10%
Rent Escalation	2%
Expense Escalation	3%

Restricted Rent Assumptions

HUD AMI	117,200

Designated Income Limits

AMI Multiplier	0.7	0.8	0.9	BASE	1.08	1.16	1.24	1.32
%AMI	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
15%	**$ 12,306**	**$ 14,064**	**$ 15,822**	$ 17,580	**$ 18,986**	**$ 20,393**	**$ 21,799**	
30%	$ 24,612	$ 28,128	$ 31,644	$ 35,160	$ 37,973	$ 40,786	$ 43,598	$ 46,411
40%	$ 32,816	$ 37,504	$ 42,192	$ 46,880	$ 50,630	$ 54,381	$ 58,131	$ 61,882
50%	$ 41,020	$ 46,880	$ 52,740	$ 58,600	$ 63,288	$ 67,976	$ 72,664	$ 77,352
60%	$ 49,224	$ 56,256	$ 63,288	$ 70,320	$ 75,946	$ 81,571	$ 87,197	$ 92,822
80%	$ 65,632	$ 75,008	$ 84,384	$ 93,760	$ 101,261	$ 108,762	$116,262	$123,763
100%	$ 82,040	$ 93,760	$ 105,480	$ 117,200	$ 126,576	$ 135,952	$145,328	$154,704
120%	$ 98,448	$ 112,512	$ 126,576	$ 140,640	$ 151,891	$ 163,142	$174,394	$185,645

0.2

AMI		**Efficiency**	**One Bed**	**Two Bed**	**Three Bed**	**Four Bed**
15%		$ 308.00	$ 329.00	$ 395.00	$ 457.00	
30% AMI		$ 615.00	$ 659.00	$ 791.00	$ 914.00	$ 984.00
40% AMI		$ 820.00	$ 879.00	$ 1,054.00	$ 1,218.00	$ 1,312.00
50% AMI		$ 1,026.00	$ 1,098.00	$ 1,318.00	$ 1,523.00	$ 1,640.00
60% AMI		$ 1,231.00	$ 1,318.00	$ 1,582.00	$ 1,828.00	$ 1,968.00
80% AMI		$ 1,641.00	$ 1,810.00	$ 2,109.00	$ 2,437.00	$ 2,625.00
100% AMI		$ 2,051.00	$ 2,197.00	$ 2,637.00	$ 3,047.00	$ 3,281.00
120% AMI		$ 2,461.00	$ 2,637.00	$ 3,164.00	$ 3,656.00	$ 3,937.00

Utility Allowance by Bedroom Size

Efficiency	$ -
One Bed	$ -
Two Bed	$ -
Three Bed	$ -
Four Bed	$ -

OpEx (see OpEx tab)	**Yr 1 Stabilized**	**PUPA**
Administrative Expenses	31,059	2,588
Payroll Expenses	23,388	1,949
Utility Expenses	10,214	851
Supplies & Service Expenses	6,682	557
Maintenance Expenses	8,954	746
Taxes, Insurance, & Escrows	5,337	445
		-
Total Annual OpEx	**$ 85,633**	
Expense/Unit (excluding RR)		**$ 7,136**

Bellefonte_05.10.19.xlsx
CF (Annual)
5/22/2019

Valuation:												
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Revenue												
Rental	260,640	265,853	271,170	276,593	282,125	287,768	293,523	299,393	305,381	311,489	317,719	324,073
Vacancy	26,064	26,585	27,117	27,659	28,213	28,777	29,352	29,939	30,538	31,149	31,772	32,407
Total Revenue	234,576	239,268	244,053	248,934	253,913	258,991	264,171	269,454	274,843	280,340	285,947	291,666
Expense												
Adminstration	31,059	31,990	32,950	33,939	34,957	36,006	37,086	38,198	39,344	40,525	41,740	42,993
Maintenance Expenses	8,954	9,223	9,500	9,785	10,078	10,381	10,692	11,013	11,343	11,683	12,034	12,395
Supplies & Services	6,682	6,882	7,089	7,301	7,520	7,746	7,978	8,218	8,464	8,718	8,980	9,249
Utilities	10,214	10,520	10,836	11,161	11,496	11,841	12,196	12,562	12,939	13,327	13,727	14,138
Taxes & Insurance	5,337	5,497	5,662	5,832	6,007	6,187	6,372	6,564	6,760	6,963	7,172	7,387
Payroll Expenses	23,388	24,090	24,812	25,557	26,323	27,113	27,926	28,764	29,627	30,516	31,432	32,374
Reserve Replacements	3,600	3,708	3,819	3,934	4,052	4,173	4,299	4,428	4,560	4,697	4,838	4,983
Total Expenses	89,233	91,910	94,668	97,508	100,433	103,446	106,549	109,746	113,038	116,429	119,922	123,520
Net Operating Income	145,343	147,357	149,385	151,426	153,480	155,545	157,621	159,708	161,805	163,911	166,025	168,146
DSCR	1.37	1.39	1.41	1.43	1.45	1.47	1.49	1.51	1.53	1.55	1.57	1.59
Debt												
VHDA 1.95%	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732
VHDA 2.95%	-	-	-	-	-	-	-	-	-	-	-	-
VHDA Taxable Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732
Net Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
						0%						
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow	39,611	41,625	43,653	45,694	47,748	49,813	51,889	53,976	56,073	58,179	60,293	62,414
Total Cash Flow	39,611	41,625	43,653	45,694	47,748	49,813	51,889	53,976	56,073	58,179	60,293	62,414

Valuation:														
Year	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**
Revenue														
Rental	330,555	337,166	343,909	350,787	357,803	364,959	372,258	379,703	387,297	395,043	402,944	411,003	419,223	427,608
Vacancy	33,055	33,717	34,391	35,079	35,780	36,496	37,226	37,970	38,730	39,504	40,294	41,100	41,922	42,761
Total Revenue	297,499	303,449	309,518	315,708	322,023	328,463	335,032	341,733	348,568	355,539	362,650	369,903	377,301	384,847
Expense														
Adminstration	44,282	45,611	46,979	48,388	49,840	51,335	52,875	54,462	56,096	57,778	59,512	61,297	63,136	65,030
Maintenance Expenses	12,767	13,150	13,544	13,951	14,369	14,800	15,244	15,702	16,173	16,658	17,158	17,672	18,202	18,749
Supplies & Services	9,526	9,812	10,107	10,410	10,722	11,044	11,375	11,716	12,068	12,430	12,803	13,187	13,582	13,990
Utilities	14,563	15,000	15,450	15,913	16,390	16,882	17,389	17,910	18,448	19,001	19,571	20,158	20,763	21,386
Taxes & Insurance	7,609	7,837	8,072	8,315	8,564	8,821	9,086	9,358	9,639	9,928	10,226	10,533	10,849	11,174
Payroll Expenses	33,346	34,346	35,376	36,438	37,531	38,657	39,817	41,011	42,241	43,509	44,814	46,158	47,543	48,969
Reserve Replacements	5,133	5,287	5,445	5,609	5,777	5,950	6,129	6,313	6,502	6,697	6,898	7,105	7,318	7,538
Total Expenses	127,226	131,042	134,974	139,023	143,194	147,489	151,914	156,471	161,166	166,001	170,981	176,110	181,393	186,835
Net Operating Income	170,273	172,407	174,544	176,686	178,829	180,974	183,118	185,262	187,402	189,538	191,669	193,793	195,908	198,012
DSCR	1.61	1.63	1.65	1.67	1.69	1.71	1.73	1.75	1.77	1.79	1.81	1.83	1.85	1.87
Debt														
VHDA 1.95%	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732
VHDA 2.95%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VHDA Taxable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-						
Total Debt	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732	105,732
Net Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow	64,542	66,675	68,813	70,954	73,097	75,242	77,387	79,530	81,670	83,807	85,937	88,061	90,176	92,280
Total Cash Flow	64,542	66,675	68,813	70,954	73,097	75,242	77,387	79,530	81,670	83,807	85,937	88,061	90,176	92,280

Valuation:														
Year	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
Revenue														
Rental	436,160	444,883	453,781	462,856	472,113	481,556	491,187	501,010	511,031	521,251	531,676	542,310	553,156	564,219
Vacancy	43,616	44,488	45,378	46,286	47,211	48,156	49,119	50,101	51,103	52,125	53,168	54,231	55,316	56,422
Total Revenue	392,544	400,395	408,402	416,571	424,902	433,400	442,068	450,909	459,928	469,126	478,509	488,079	497,840	507,797
Expense														
Adminstration	66,981	68,990	71,060	73,192	75,388	77,649	79,979	82,378	84,849	87,395	90,017	92,717	95,499	98,364
Maintenance Expenses	19,311	19,890	20,487	21,102	21,735	22,387	23,058	23,750	24,463	25,196	25,952	26,731	27,533	28,359
Supplies & Services	14,409	14,842	15,287	15,746	16,218	16,705	17,206	17,722	18,253	18,801	19,365	19,946	20,544	21,161
Utilities	22,027	22,688	23,369	24,070	24,792	25,536	26,302	27,091	27,904	28,741	29,603	30,491	31,406	32,348
Taxes & Insurance	11,509	11,855	12,210	12,577	12,954	13,342	13,743	14,155	14,580	15,017	15,468	15,932	16,410	16,902
Payroll Expenses	50,438	51,952	53,510	55,115	56,769	58,472	60,226	62,033	63,894	65,811	67,785	69,818	71,913	74,070
Reserve Replacements	7,764	7,997	8,237	8,484	8,738	9,000	9,270	9,548	9,835	10,130	10,434	10,747	11,069	11,401
Total Expenses	192,440	198,213	204,160	210,285	216,593	223,091	229,784	236,677	243,777	251,091	258,623	266,382	274,374	282,605
Net Operating Income	200,104	202,181	204,243	206,286	208,309	210,309	212,284	214,232	216,150	218,035	219,885	221,697	223,467	225,192
DSCR	1.89	1.91	1.93	1.95	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt														
VHDA 1.95%	105,732	105,732	105,732	105,732	-	-	-	-	-	-	-	-	-	-
VHDA 2.95%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VHDA Taxable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	105,732	105,732	105,732	105,732	-	-	-	-	-	-	-	-	-	-
Net Sale Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow	94,372	96,450	98,511	100,554	102,577	104,577	106,553	108,501	110,418	218,035	219,885	221,697	223,467	225,192
Total Cash Flow	94,372	96,450	98,511	100,554	102,577	104,577	106,553	108,501	110,418	218,035	219,885	221,697	223,467	225,192

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 3, 2019

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE (AHAAC)

FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: CONSIDERATION OF A LOAN TO AHDC TO ACQUIRE AND PRESERVE THE ELLSWORTH APARTMENTS AS AFFORDABLE HOUSING

ISSUE: A loan of $1.8 million to the Alexandria Housing Development Corporation (AHDC) to acquire, renovate and preserve the Ellsworth Apartments located at 2801 Seay Street as committed affordable housing (Attachment 1).

RECOMMENDATION: That the Alexandria Housing Affordability Advisory Committee (AHAAC) recommend that City Council Approve a loan of $1.8 million from FY 2020 CIP (meals tax revenue) funds this summer to acquire, renovate and preserve the Ellsworth Apartments as committed affordable housing, and authorize the City Manager to execute documents related to the financing.

BACKGROUND: The Ellsworth Apartments are a 20-unit garden-style rental property located at 2801 Seay Street, just across the street from AHDC's 41-unit Longview Terrace Apartment complex. Since acquiring the Ellsworth six years ago, the current owner has made significant improvements to upgrade electrical panels and service, add gas-fired water heaters, install a new chiller and individual heating and cooling units, and modernize kitchens, bathrooms and flooring in the majority of units. Long-time residents of the property were not displaced (in fact the handful of units not fully updated yet are occupied by elderly and/or disabled households that opted to forego improvements), and the current rents fall in a "market-affordable" category just above 60% AMI per the last published 2018 limits (Attachment 2).

AHDC has an opportunity to acquire the Ellsworth this summer and, in addition to being able to maintain current residents in their housing there, AHDC believes that purchasing the property now will not only enhance housing affordability in a corridor that is likely to redevelop over the next several decades, but will provide operational efficiencies to AHDC immediately if it consolidates property management and maintenance services for Longview Terrace and the Ellsworth. Over the longer term, AHDC believes there could be a longer-term opportunity to redevelop both properties together to increase the number of overall committed affordable and workforce housing stock in the Duke Street Corridor and would like to explore this option further as part of the upcoming planning initiative.

DISCUSSION: In the 2013 Housing Master Plan, preservation of existing affordable and market affordable housing was identified as a top priority for the City and the acquisition of The Ellsworth aligns well with this goal. Here AHDC proposes to preserve four of the 20 units at rents affordable at 50% AMI, with the remaining 16 units affordable at 60% AMI. No residents will be displaced, and to the extent necessary, the proposed income and rent levels will be achieved through attrition and maintaining rents at current levels to become consistent with HUD and LIHTC-established levels. The 50% and 60% AMI targets proposed by AHDC reflect the property's current household demographic based on AHDC's review of the rent roll and information provided by the current owner.

AHDC has arranged first trust financing with Virginia Community Capital (VCC) through a potential 10-year loan (two five-year terms allowed) in the amount of $2,550,000 and would need gap funding from the City of $1.8 million for the acquisition. The VCC loan amount also includes an allowance of approximately $10,000 per unit. These funds can be used to complete renovations in the units not yet improved when they turnover, or sooner, if/as needed. The VCC loan will be repaid on an interest-only basis for the first 18 months and will be amortized and repaid pursuant to a 30-year amortization schedule thereafter.

AHDC will work with the Office of Housing to coordinate accessibility improvements for some units through Housing's Rental Accessibility Modification Program (a federally funded grant program) for residents who may benefit.

The ten-year financing structure anticipates the end of the initial 15-year low income housing tax credit affordability period for Longview Terrace. At that time, AHDC can refinance both properties separately, or undertake a more comprehensive refinancing and renovation or redevelopment of both properties together, utilizing tax credits and other funding. The City's investment would be long term: while interest would accrue at 2% when the loans are disbursed, repayment is likely to occur following the 10-year refinancing and/or tax credit re-syndication of the property.

FISCAL IMPACT: $1.8 million from the FY 2020 CIP (restaurant meals tax revenue) account allocated to affordable housing. The City's loan will be consistent with other affordable housing loans: interest will accrue at 2% per year and payments will be made on a cash flow/residual receipts basis. Repayment is anticipated following the property's refinancing in Year 10.

ATTACHMENTS:
(1) AHDC Request for Housing Opportunity Funds for the Ellsworth Apartments, including Proforma
(2) HUD 2018 Income and Rent Limits

STAFF:
Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

ALEXANDRIA HOUSING DEVELOPMENT CORPORATION

May 22, 2019

Ms. Helen McIlvaine, Director
Director, Office of Housing
City of Alexandria
421 King Street Suite 200
Alexandria, VA 22314
By Email at: Helen.McIlvaine@alexandriava.gov

Re: Housing Opportunities Loan Application for the Acquisition of Ellsworth Apartments located at 2801 Seay Street Alexandria, VA 22314

On behalf of the Alexandria Housing Development Corporation (AHDC) Board of Directors, I am pleased to submit an application for a City of Alexandria Housing Opportunities Fund (HOF) loan in the amount of $1,800,000. This loan request would aid AHDC in the acquisition of the Ellsworth Apartment complex.

The Ellsworth is a 20 unit property that is located directly east of Longview Terrace Apartments which is currently owned by an affiliate entity of AHDC. The property currently has rents that are just above the 60% area median income. As many garden style apartments in Alexandria, the rents have continually increased over the years and we believe this is a good opportunity to preserve existing market affordable housing in a location that provides operational efficiencies for AHDC.

The current property owner has made significant investments in the property over the past six years. These improvements include upgrading all electric panels and service, new gas fired water heaters, a new chiller, replacement of individual heating and cooling units, and new kitchens, bathrooms, and flooring for the majority of the units.

AHDC plans to preserve four of the units (20%) at rents that serve residents at 50% AMI and the remaining 16 units (80%) serving a population at 60% AMI. This will allow AHDC to continue to serve the tenants in the building with very little interruption to their current rent structure.

AHDC plans to work with Virginia Community Capital (VCC) for a first trust loan on the property. The plan will be to secure permanent debt on the property for a period up to ten years. As part of the financing plan AHDC will work with VCC to include $10,000 per unit as part of the funding plan. These funds will be available for AHDC to draw on to complete repairs during the first 18 months of ownership.

Attached to this letter is an overview of the property, a ten year proforma, and additional details needed for the HOF application. We appreciate our continuing partnership with the City of

Alexandria and we look forward to hearing from you regarding our newest proposed acquisition. If you have any questions regarding this application, please do not hesitate to contact me at 703-739-7775 or at jfrederick@housingalexandria.org.

Sincerely,

Jonathan Frederick

Executive Director

CC: Eric Keeler, Deputy Director, Office of Housing

Ellsworth Apartments Acquisition

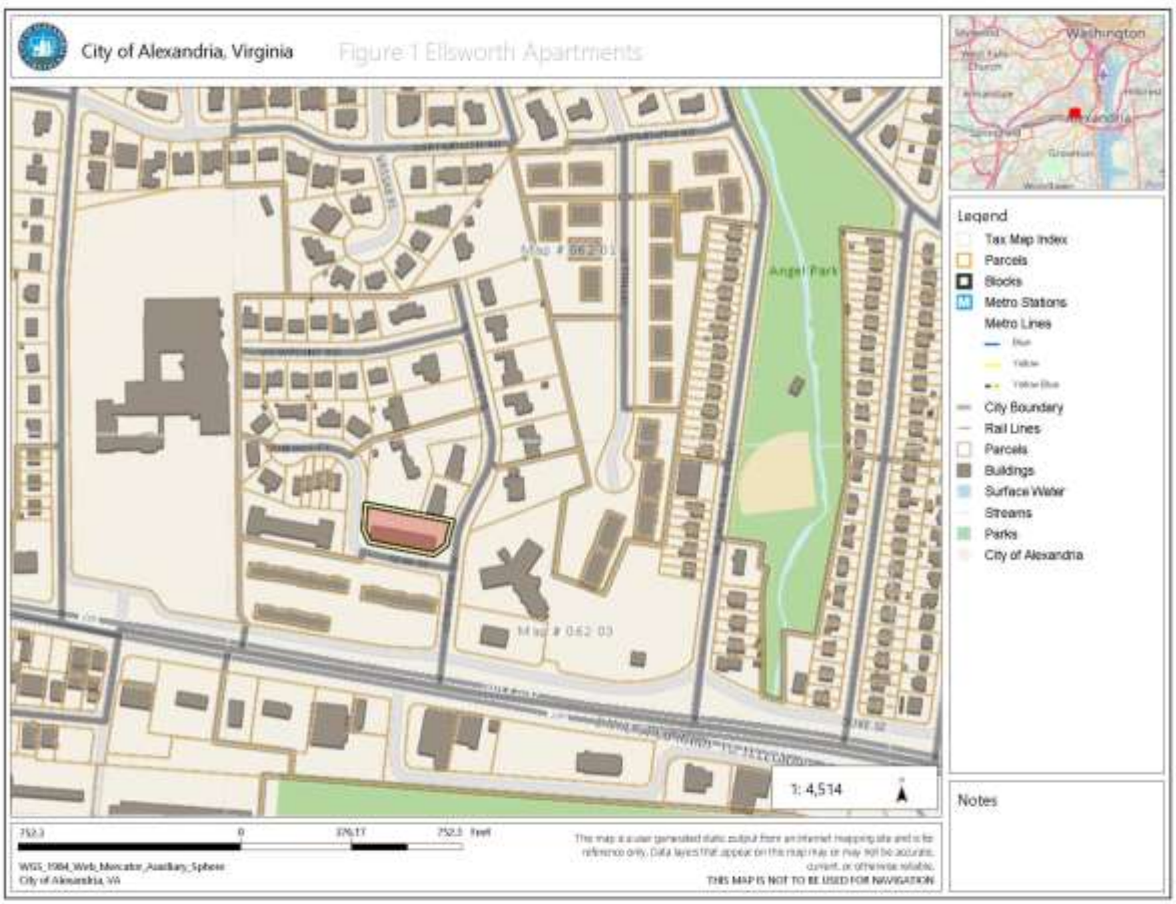
Proposed Acquisition

The Alexandria Housing Development Corporation (AHDC) has signed a letter of intent with the Linden Property Group to acquire the 20 unit Ellsworth Apartment complex that is located at 2801 Seay Street Alexandria, VA 22314. The property sits directly east of AHDC's Longview Terrace Apartments. The current property owner approached AHDC towards the end of 2018 regarding the organization's interest in an acquisition of the property. AHDC is currently working with the owner to finalize a purchase and sale agreement which would allow AHDC to acquire the property on or before August 1, 2018.

Property Overview

Ellsworth Apartments is located at 2801 Seay Street which is on north side of Duke Street east of Bishop Ireton High School (see Figure 1 Below). The property is comprised of 17-2BR units, 2-1BR units, and one efficiency and current rents for the building are just above 60% AMI. The current owner has renovated about 80 percent of the units and updated all the major systems (i.e. the boilers, water heaters, electrical heavy up, etc.) in the past five years.

As mentioned above the project is located just east of AHDC's Longview Terrace Property which has 41 units. In addition to the preservation opportunity offered by this acquisition, it also will provide an operational efficiency for AHDC with the ability to operate the two properties together as one 61 unit property with its own dedicated maintenance professional and an opportunity to include a satellite leasing office on site.



Proposed Target Population

The majority of the units at the property currently operate at rents just above the 60% of the Area Median Income. Four of the units (20%) currently rent at 50% AMI rents. The latter units are renting at a lower rate because they have not been renovated and owner has made the decision not to increase the rents on long term tenants some of which have been in their unit for over 20 years. Our goal for this property will be to maintain 16 units at 60% AMI and 4 units at 50% AMI. However, we will work with the long term tenants to renovate their units as per the financing plan identified in the next section. AHDC will not require any of the current tenants to vacate the property but will ensure all new tenants are in compliance with the proposed income designation.

Ownership Structure

AHDC is working with the current owner to execute a purchase and sale agreement (PSA) for acquisition of the property. Once we have an executed PSA, AHDC will form a single purpose entity to hold and operate the property. The current goal is to operate this under that single purpose entity until such time as the site would be grouped with other garden style apartments for a bond deal or a redevelopment option is available with Longview Terrace after its compliance period ends in 2030.

Financing Plan

In addition to the City HOF loan, AHDC will seek permanent financing from Virginia Community Capital (VCC) or another private lending institution. The goal is to underwrite the property at current rents and limit rent growth until it is in-line with the AMI designations detailed in the previous paragraph. The current projection is that all units will reach this target in year two of AHDC ownership. The current term sheet from VCC provides a loan with a 5% interest rate that amortizes over 30 years. The first 18 months of this loan would be interest only payments and will convert to a full 30 year amortization loan for five years. After five years AHDC will have the option to put a second five year loan on the project with a reset of the interest rate. AHDC is currently planning on $10,000 per unit in rehabilitation for this project. These funds will be held back with the VCC loan and AHDC will have the ability to draw on these funds as improvements are made to the property based on a predetermined strategy.

Proposed Project Schedule (estimated to date):

- Execution of Purchase and Sale Agreement – May 2019
- City of Alexandria HOF Approval – June 2019
- Completion of Due Diligence – June/July 2019
- Completion of VCC loan application and prepare to close – June/July 2019
- Close on loan and acquire the property – August 2019
- Interest Only/Rehabilitation Timeframe – August 2019 – February 2020.

Ellsworth Apartments
Ellsworth 5.17.19_200K.xlsx
Summary & Inputs

Sources			**4,349,841**
	Equity		-
	0%	Developer Equity	-
	Debt		**4,349,841**
	59%	VCC Acquisition Loan	2,550,000
	41%	CoA Second Trust	1,799,841
Uses			
		Development Costs	**4,349,841**
		Acquisition Price	3,900,000
		Architecture & Engineering	
		Legal	25,000
		Insurance	21,000
		Closing Costs (Taxes, Title, etc.	85,341
		Financing Costs (Origination Fee)	25,500
		Reserves (Unit Renovation Cost)	200,000
		Pre-Payment Penalty	63,000
		Developer Fee	
		Operating Reserve	30,000

Operations	**# Units**	**Avg SF**	**Unit $/Mo**
Studio	1	388	**$ 1,075**
1bd 1b	2	610	**$ 1,273**
2bd 1b	16	795	**$ 1,555**
2bd 2b	1	825	**$ 1,350**
Total	**20**		
Vacancy			5.00%
Rent Escl			2.50%
AHDC Escl			5%
Loss to Lease			1.60%
Concessions			0%
Bad Debt			0.40%
Administration			60,085
Repairs & Maint.			12,358
Contract Services			14,728
Utilities			19,392
Taxes, Licenses & Insurance			38,419
Misc.			953
Reserves			6,000
Expense Escl			3.00%

Debt	**I/P**
VCC Acquisition Loan - 1	
Principal	2,550,000
Term (Years)	30
Interest Rate	5.00%
I/O Period (Yr)	1.5
Loan Maturity	6.5
LTV	59%
VCC Loan - 2	
Principal	2,325,439
Term (Years)	30
Interest Rate	7.00%
I/O Period (Yr)	0
Loan Maturity	
LTV	
CoA Second Trust	
Principal	1,799,841
Term (Years)	30
Interest Rate	2.00%
I/O Period	30
Loan Maturity	
LTV	41%
Payment	1

Valuation	**%**
Capitalization Rate (Acq)	4.9%
Capitalization Rate (Refi)	5.5%
Discount Rate	5.0%
Sales/Refi Exp	2.0%

Closing Date	1-Aug-19
Sales Period (Refi)	
Sale Refi/Loan 2	5.0

Ellsworth Apartments
Ellsworth 5.17.19_200K.xlsx
CF - Annual

	Period	1	2	3	4	5	6	7	8	9	10	11	12
	Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue													
Studio		12,900	12,871	13,193	13,522	13,860	14,207	14,562	14,926	15,299	15,682	16,074	16,476
1bd 1b		30,545	31,115	31,893	32,690	33,508	34,345	35,204	36,084	36,986	37,911	38,858	39,830
2bd 1b		298,629	302,243	310,241	318,461	326,909	335,507	343,894	352,492	361,304	370,337	379,595	389,085
2bd 2b		16,200	16,282	16,689	17,106	17,534	17,972	18,422	18,882	19,354	19,838	20,334	20,842
Gross Potential Rent		358,274	362,511	372,015	381,780	391,811	402,031	412,082	422,384	432,944	443,767	454,861	466,233
Loss to Lease		(5,732)	(5,800)	(5,952)	(6,108)	(6,269)	(6,432)	(6,593)	(6,758)	(6,927)	(7,100)	(7,278)	(7,460)
Concessions		-	-	-	-	-	-	-	-	-	-	-	-
Vacancy		(17,914)	(18,126)	(18,601)	(19,089)	(19,591)	(20,102)	(20,604)	(21,119)	(21,647)	(22,188)	(22,743)	(23,312)
Net Rental Income		334,628	338,585	347,462	356,582	365,952	375,497	384,884	394,507	404,369	414,478	424,840	435,461
Bad Debt		(1,339)	(1,354)	(1,390)	(1,426)	(1,464)	(1,502)	(1,540)	(1,578)	(1,617)	(1,658)	(1,699)	(1,742)
Other Income		9,630	9,650	9,670	9,690	9,711	9,731	9,751	9,771	9,792	9,812	9,833	9,853
Effective Gross Income		**342,920**	**346,881**	**355,743**	**364,846**	**374,198**	**383,726**	**393,096**	**402,700**	**412,543**	**422,633**	**432,974**	**443,573**
			1.16%	2.55%	2.56%	2.56%	2.55%	2.44%	2.44%	2.44%	2.45%	2.45%	2.45%
Expenses													
Administration		60,085	61,887	63,744	65,656	67,626	69,655	71,744	73,897	76,113	78,397	80,749	83,171
Repairs & Maint.		12,358	12,729	13,111	13,504	13,910	14,327	14,757	15,199	15,655	16,125	16,609	17,107
Contract Services		14,728	15,170	15,625	16,094	16,576	17,074	17,586	18,114	18,657	19,217	19,793	20,387
Utilities		19,392	19,973	20,573	21,190	21,825	22,480	23,155	23,849	24,565	25,302	26,061	26,843
Taxes, Licenses & Insurance		38,419	39,572	40,759	41,981	43,241	44,538	45,874	47,251	48,668	50,128	51,632	53,181
Misc.		953	981	1,011	1,041	1,072	1,104	1,138	1,172	1,207	1,243	1,280	1,319
Reserves		6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305
Total Expenses		**151,935**	**156,493**	**161,187**	**166,023**	**171,004**	**176,134**	**181,418**	**186,860**	**192,466**	**198,240**	**204,187**	**210,313**
			3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Net Operating Income		**190,985**	**190,388**	**194,555**	**198,823**	**203,195**	**207,592**	**211,678**	**215,840**	**220,077**	**224,393**	**228,786**	**233,260**
Debt													
VCC Acquisition Loan - 1		117,500	142,312	167,125	167,125	167,125	167,125	83,562	-	-	-	-	-
VCC Loan - 2		-	-	-	-	-	-	92,827	185,654	185,654	185,654	185,654	185,654
Reserve Draw		3,667	4,440	-	-	-	-	-	-	-	-	-	-
CoA Second Trust		-	-	-	-	-	-	-	-	-	-	-	-
Total Debt		**121,167**	**146,752**	**167,125**	**167,125**	**167,125**	**167,125**	**176,390**	**185,654**	**185,654**	**185,654**	**185,654**	**185,654**
Sale/Refinancing Cap Rate	5.50%												
Sale/Refi Price		-	-	-	-	-	-	-	-	-	-	-	-
VCC Acquisition Loan - 1		-	-	-	-	-	-	-	-	-	-	-	-
CoA Second Trust		-	-	-	-	-	-	-	-	-	-	-	-
VCC Loan - 2		-	-	-	-	-	-	-	-	-	-	-	-
Net Sales Proceeds/Refi		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversion FCF		-	-	-	-	-	-	-	-	-	-	-	-
Operating FCF		69,818	43,636	27,430	31,698	36,070	40,467	35,289	30,185	34,423	38,738	43,132	47,605
Total FCF		69,818	43,636	27,430	31,698	36,070	40,467	35,289	30,185	34,423	38,738	43,132	47,605
Net Cash Available		**69,818**	**43,636**	**27,430**	**31,698**	**36,070**	**40,467**	**35,289**	**30,185**	**34,423**	**38,738**	**43,132**	**47,605**
DSCR		**1.58**	**1.32**	**1.16**	**1.19**	**1.22**	**1.24**	**1.20**	**1.16**	**1.19**	**1.21**	**1.23**	**1.26**
Opex Per Unit		**7,597**	**7,825**	**8,059**	**8,301**	**8,550**	**8,807**	**9,071**	**9,343**	**9,623**	**9,912**	**10,209**	**10,516**

Non-Binding Term Sheet

May 16, 2019

Mr. Jonathan Frederick
Executive Director
Alexandria Housing Development Corporation
1201 Abingdon Drive, Suite 210
Alexandria, VA 22314

Re: Non-Binding Term Sheet- Ellsworth Apartments

Dear Mr. Frederick:

I am pleased to offer the following loan proposal to you for the acquisition and renovation of Ellsworth Apartments located at 2801 Seay Street, Alexandria, VA 22314 ("Property"). This proposal is being offered as an indication of our interest in working with you. The following terms are preliminary and should not be construed as a commitment for financing. The loan request will require complete underwriting and approval from the Virginia Community Capital ("VCC") loan committee.

Borrower:	TBD
Lender:	Virginia Community Capital ("VCC")
Property:	Ellsworth Apartments, 2801 Seay Street, Alexandria, VA 22314
Purpose:	Acquisition and renovation of the Property.
Collateral:	First Deed of Trust for the Property and assignment of all rents and leases.
Loan Amount:	**$2,550,000.** The loan amount shall not exceed the lessor of 85% of the as built, stabilized appraised value, or 85% of acquisition and construction costs.

Use of Funds:	**Ellsworth Apartments**	
	Funding Towards Purchase Price	$2,250,000
	Renovation Holdback	$300,000
	Total Loan	$2,550,000

Loan Origination Fee: 1% of the total loan amount.

Term: **10 years total-**5 year mini-perm plus an additional 5 years upon rate reset

Interest Rate: 5.0% fixed rate for the first 5 years. Upon the 5-year review and rate reset the rate shall be set at the 5-year Treasury Constant Maturities plus 350 basis points.

Payments/Amortization: Interest only for18 months then principle and interest payments thereafter. P&I payments based on a 30-year amortization period.

Renovation Holdback: Renovation holdback will be funded as a construction loan, without retainage, based on invoice and work-in-place and reconciled to a budget and scope of work/apartment repair matrix received and approved by Lender prior to closing Each draw request will require review and approval by a VCC 3rd party inspector.

Replacement Reserve: $300/unit per year to be funded monthly via an ACH payment into an account with VCC.

Prepayment Penalty: Yr.1-3%, Yr. 2-2%, Yr.3 -1%; No fee years 4 and 5

Guarantor: Alexandria Housing Development Corporation

Closing Conditions:

- A Phase I environmental report or required equivalent for the property commissioned by VCC paid for by the borrower and deemed satisfactory upon VCC Review.
- An appraisal for the property commissioned by VCC paid for by the borrower and deemed satisfactory upon VCC Review.

Loan Covenants:

- Property must maintain a 1.20x DSC on annual NOI. Such DSC to be tested annually.
- Capital Magnet Fund Covenants

- 20% of the units shall be occupied by Families at or below eighty percent (80%) of the Area Median Income (AMI), beginning when the Property achieves Initial Occupancy and consisting of the full ten (10) consecutive years thereafter.

- 100 % of the units shall be occupied by Families at or below one hundred twenty (120%) of the Area Median Income (AMI), beginning when the Property achieves Initial Occupancy and consisting of the full ten (10) consecutive years thereafter.

- The Borrower shall furnish reports to the Lender on an annual basis to confirm compliance with affordability requirements, beginning when the Property is achieves Initial Occupancy and consisting of the full ten (10) consecutive years thereafter.

Closing Costs: Borrower shall pay all out-of-pocket costs and expenses, if any, incurred by Lender about the Loan (pre- and post-closing), including, but not limited to, all costs associated with documenting, recording, closing; and all fees and expenses of VCC's outside legal counsel and Borrower's legal counsel and the cost of any other reports deemed necessary by Lender, whether or not the Loan closes.

If you are satisfied with the terms above, please execute and return to me. Once this executed document is received by VCC we can continue underwriting and present to our loan committee on June 10th, 2019. VCC looks forward to working with you.

Very Truly Yours,
Virginia Community Capital

Corbin T. Anderson
Vice President, Loan Officer
804-793-0989

Acceptance signature on following page.

Accepted:
For the Borrower:

Signature **Title**

Name (Printed)

Date

RESOLUTION 19-002

RE: The submission of financing applications for the purchase of the Ellsworth Apartments located at 2801 Seay Street Alexandria, VA 22314 ("the Property").

WHERAS, Alexandria Housing Development Corporation ("AHDC") is a nonprofit affordable housing developer established by the City of Alexandria ("the City") for the purpose of serving as a developer and owner of affordable housing for low and moderate-income families in the City, and;

WHEREAS, in 2014 the City certified AHDC as a designated Community Housing Development Organization (CHDO) based on its demonstrated commitment to serving the housing needs of low income persons in the Alexandria community and;

WHEREAS, the City established the Housing Opportunities Fund (HOF) for the purpose of providing funds for affordable housing and for programs and services that contribute to the delivery of housing services for low- and moderate-income households within the City of Alexandria, Virginia and;

NOW THEREFORE, BE IT RESOLVED by the AHDC Board of Directors that the President of the Board, or his designee, be authorized to execute and submit all funding applications, loan documents and related documents on behalf of AHDC, or its designated AHDC development entity, to process and consummate the purchase of the Property.

Adopted this 20th day of May, 2019

John Corrado, Secretary

HUD Designated Median Income **$117,200** **2018**

AMI Base Multiplier	0.7	0.8	0.9	BASE	1.08	1.16	1.24	1.32
%AMI	**1 Person**	**2 People**	**3 People**	**4 People**	**5 People**	**6 People**	**7 People**	**8 People**
10%	$ 8,210	$ 9,380	$ 10,550	$ 11,720	$ 12,660	$ 13,600	$ 14,540	$ 15,480
20%	$ 16,420	$ 18,760	$ 21,100	$ 23,440	$ 25,320	$ 27,200	$ 29,080	$ 30,960
30%	$ 24,650	$ 28,150	$ 31,650	$ 35,150	$ 38,000	$ 40,800	$ 43,600	$ 46,400
40%	$ 32,840	$ 37,520	$ 42,200	$ 46,880	$ 50,640	$ 54,400	$ 58,160	$ 61,920
50%	$ 41,050	$ 46,900	$ 52,750	$ 58,600	$ 63,300	$ 68,000	$ 72,700	$ 77,400
55%	$ 45,155	$ 51,590	$ 58,025	$ 64,460	$ 69,630	$ 74,800	$ 79,970	$ 85,140
60%	$ 49,260	$ 56,280	$ 63,300	$ 70,320	$ 75,960	$ 81,600	$ 87,240	$ 92,880
65%	$ 53,365	$ 60,970	$ 68,575	$ 76,180	$ 82,290	$ 88,400	$ 94,510	$ 100,620
70%	$ 57,470	$ 65,660	$ 73,850	$ 82,040	$ 88,620	$ 95,200	$ 101,780	$ 108,360
75%	$ 61,575	$ 70,350	$ 79,125	$ 87,900	$ 94,950	$ 102,000	$ 109,050	$ 116,100
HUD 80%	$ 54,250	$ 62,000	$ 69,750	$ 77,450	$ 83,650	$ 89,650	$ 96,050	$ 102,250
MATH 80%	$ 65,680	$ 75,040	$ 84,400	$ 93,760	$ 101,280	$ 108,800	$ 116,320	$ 123,840
90%	$ 73,890	$ 84,420	$ 94,950	$ 105,480	$ 113,940	$ 122,400	$ 130,860	$ 139,320
100%	$ 82,100	$ 93,800	$ 105,500	$ 117,200	$ 126,600	$ 136,000	$ 145,400	$ 154,800
120%	$ 98,520	$ 112,560	$ 126,600	$ 140,640	$ 151,920	$ 163,200	$ 174,480	$ 185,760

2018 Restricted Monthly Rent Limits (Including Utilities)

AMI	Efficiency	1BR	2BR	3BR	4BR
20%	$ 411	$ 440	$ 528	$ 610	$ 680
30%	$ 616	$ 660	$ 791	$ 914	$ 1,020
40%	$ 821	$ 879	$ 1,055	$ 1,219	$ 1,360
50%	$ 1,026	$ 1,099	$ 1,318	$ 1,523	$ 1,700
55%	$ 1,129	$ 1,209	$ 1,451	$ 1,676	$ 1,870
60%	$ 1,231	$ 1,319	$ 1,582	$ 1,828	$ 2,040
65%	$ 1,334	$ 1,429	$ 1,714	$ 1,981	$ 2,210
70%	$ 1,437	$ 1,539	$ 1,846	$ 2,133	$ 2,380
75%	$ 1,539	$ 1,649	$ 1,978	$ 2,286	$ 2,550
HUD 80%	$ 1,356	$ 1,453	$ 1,744	$ 2,014	$ 2,241
MATH 80%	$ 1,642	$ 1,759	$ 2,110	$ 2,438	$ 2,720
100%	$ 2,053	$ 2,199	$ 2,638	$ 3,048	$ 3,400
120%	$ 2,463	$ 2,639	$ 3,165	$ 3,657	$ 4,080

http://www.vhda.com/BusinessPartners/PropertyOwnersManagers/Income-Rent-Limits/Pages/Maximum-LIHTC-Gross-Rents.aspx#.WQeLWBPyuUl

https://www.huduser.gov/portal/datasets/il/il2018/select_Geography.odn

FY 2019 Affordable Housing Development Funds Financial Report | June 3, 2019

Balance Remaining: $0

Revenues

	2018						2019						
	July	August	September	October	November	December	January	February	March	April	May	June	Total
Developer Contributions Received	$69,372	$158,432	$0	$36,364	$65,454	$271,390	$72,779	$9,984	$0	$104,529	$19,968	$0	$808,272
Multifamily Loan Repayments	$0	$0	$0	$0	$201,727	$0	$0	$0	$0	$339,185	$0	$0	$540,912
New Revenue Allocated by City Councill	$5,820,013	$0	$0	$0	$0	$0	$0	$0	$0	$940,000	$0	$0	$6,760,013
Total	**$5,889,385**	**$158,432**	**$0**	**$36,364**	**$267,181**	**$271,390**	**$72,779**	**$9,984**	**$0**	**$1,383,714**	**$19,968**	**$0**	**$8,109,196**

Commitments & Reservations

	Start	July	August	September	October	November	December	January	February	March	April	May	June	FY Total	Running Total
Housing Trust Fund (HTF)															
Rebuilding Together Alexandria (RTA)	$50,000	$0	-$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-$50,000	$0
Pilot Rental Assistance	$600,000	$0	$0	$0	$0	$270,000	$0	$0	$0	$0	$0	$0	$0	$270,000	$870,000
Braddock Small Area Plan Fund	$1,334,080	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,334,080
Housing Trust Fund (HTF) Total	**$1,984,080**	**$0**	**-$50,000**	**$0**	**$0**	**$270,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$220,000**	**$2,204,080**
Housing Opportunity Fund (HOF)															
Wesley - Fairlington Presbyterian Church	$400,000	-$255,826	$0	$0	-$144,174	$7,250,000	$0	$0	$0	$0	$0	$0	$0	$6,850,000	$7,250,000
ARHA - Set Aside	$1,400,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,400,000
ARHA - Ramsey Homes	$3,600,000	$0	$0	$0	$0	$0	$0	$0	-$10,000	$0	-$152,684	-$257,636	$0	-$420,320	$3,179,680
AHDC - Operating	$300,000	-$75,000	-$225,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	-$300,000	$0
AHDC - King & Beauregard	$0	$0	$0	$700,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$700,000	$700,000
AHDC - Carpenter's Shelter (The Bloom)	$6,600,000	$0	$0	$1,700,000	-$6,600,000	$0	$0	$0	$0	$0	$0	$0	$0	-$4,900,000	$1,700,000
AHC - Church of the Resurrection (The Spire)	$8,600,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$940,000	$0	$0	$940,000	$9,540,000
Housing Opportunity Fund (HOF) Total	**$20,900,000**	**-$330,826**	**-$225,000**	**$2,400,000**	**-$6,744,174**	**$7,250,000**	**$0**	**$0**	**-$10,000**	**$0**	**$787,316**	**-$257,636**	**$0**	**$2,869,680**	**$23,769,680**